

September 14, 2004

TO: TRANSIT AGENCIES RECEIVING STATE FORMULA FUNDS

SUBJECT: FY 2004 PRELIMINARY RECONCILIATION

The fiscal year 2004 (FY 2004), regular service reconciled Operating Assistance Report (OAR) is due **Tuesday, November 9, 2004**. All OARs require electronic submission via the Public Transportation Management System (PTMS). Please submit your OAR with revenues, expenses, and non-financial data for the period beginning October 1, 2003 and ending September 30, 2004. The preliminary reconciliation of state formula funds is based on these September 30th year-end reports. This reconciliation process will adjust the dollar amounts already paid to each transit agency based on their approved budget.

CALCULATING STATE FORMULA FUNDS

There was a total of \$161,680,000 available from the Comprehensive Transportation Fund (CTF) Local Bus Operating Assistance Program. Based on the budgeted distribution, urbanized areas over 100,000 population received up to 35.20 percent of their eligible expenses. Nonurbanized areas and urbanized areas under 100,000 population received up to 42.23 percent of their eligible expenses. The preliminary close-out based on reconciled OARs will change the reimbursement percentages. A transit agency must receive, as a minimum, the amount received in FY 1997, contingent upon the local share requirements set forth in Act 51, as amended.

NOTES ON COMPLETING THE OAR:

The **LOCAL PUBLIC TRANSIT REVENUE AND EXPENSE MANUAL** (R & E Manual) effective for FY 2004 (October 1, 2003 - September 30, 2004) should be used to properly classify revenues and expenses.

Copies of the manual can be found at:

<http://www.michigan.gov/mdotptd>, go to the resources box and double click on Audit/Accounting Information.

In General:

The regular service, reconciled OAR should only include information associated with financial and non-financial operating data eligible for state formula funds.

A Regular Service Reconciled OAR Review Form for Transit Agencies can also help you complete the OAR. It is for your use and should not be submitted to us. The form is also at the website: <http://www.michigan.gov/mdotptd>, go to the resources box and double click on Audit/Accounting information. Scroll down to the form.

Section 5311: Report the Section 5311 revenue as 10.95% of Total Eligible Operating Expense.

Reporting: Do not report any expenses associated with CTF programs that have their own individual reporting requirements (e.g. Specialized Services, Work First Initiative, and Regional Transportation that is still under contract) on the regular service OAR. (See page 22 of the FY 2004 R&E Manual.) If a CTF program has its own reporting requirements, then the transit agency must account for and report all financial and nonfinancial activity associated with that CTF program on a separate OAR.

Capital Contracts: The OAR is to report *operating* data only. Do not include capital contracts on the report. If a transit agency receives federal and state capital funds for preventive maintenance and/or other operating costs, the revenue, expenses and ineligible expenses must be included on the OAR.

Purchased Transportation Service (code 50800): The definition has changed. Please refer to page 16 of the Revenue and Expense manual effective for FY 2004. "This code cannot be used if the State Operating Assistance recipient contracts with a third party operator to provide, for all practical purposes, the entire transportation services funded under Act 51. If a third party operator provides all the transportation services, the county, city, or township must report the financial and nonfinancial information by each individual PTMS code as required by this Manual."

Membership in transportation organizations: Please use code 50903 Association Dues and Subscriptions to record the fees for membership in transportation organizations. The percent of dues ineligible for reimbursement under the State Operating Assistance program and the Section 5311 Operating Assistance program are determined based on information received from the associations in their lobbying expenses. The ineligible amounts are:

MassTrans	29.0 percent
Michigan Public Transit Association (MPTA)	7.4 percent
American Public Transportation Association (APTA)	16.0 percent
Community Transportation Association of America (CTAA)	0.0 percent

The INELIGIBLE portion of dues must be deducted under Code 55009 Ineligible Portion of dues. (See page 24 of the FY 2004 R & E Manual.)

NON-FINANCIAL DATA:

All of the non-financial data is equally important and must be included in the completion of the OAR. Do not include any nonfinancial data that relates to other CTF operating programs.

Passengers: A detailed breakdown of the type of passengers (i.e. Regular, Elderly, Persons with disabilities, and Elderly with disabilities) is required to be reported on the OAR. (See page 25 of the FY 2004 R & E Manual.)

Vehicle Information: If your transit agency has separate OARs for urban and nonurban service, please assign the vehicles to the most appropriate service; do not double count vehicles.

Conclusion:

Both the reconciled and 4th quarter OAR's are due 40 days after the end of the fiscal year. It is imperative that your reports are entered on time. The Passenger Transportation Division will withhold state formula funds for noncompliance with these reporting requirements. The data that is entered is important to many aspects of the public transportation program. Please take the time to review each number carefully. If you have any questions or need assistance, do not hesitate to contact your project manager.

Sincerely,

Sharon L. Edgar, Administrator
Passenger Transportation Division
Multi-Modal Transportation Services Bureau